Speech of Sri C. Subramaniam, Finance Minister, presenting the Budget for 1959–60 *to the Madras Legislature on the 2nd March* 1959.

Introductory.

Sir,

I rise to present the Budget Estimates for 1959–60 and the Revised Estimates for the current year. This is the eighth budget I am presenting since the finances of this State were entrusted to my care. We have passed through many difficult periods during these last seven years. I had come up before the House year after year with substantial taxation proposals and largely through these efforts our financial position has improved to some extent. As against the original estimates of a revenue surplus of Rs. 15 lakhs in the current year, the Revised Estimates for 1958–59 show a revenue surplus of Rs. 2,65 lakhs. As I had indicated already during the last budget discussions, the Estimates for 1959–60 have been framed without any proposal for additional taxation.

Seasonal conditions.

2. Taking the State as a whole, the seasonal conditions have not been quite favourable during the year. Many areas of Ramanathapuram and Tirunelveli districts have been affected by drought. There was a general deficiency of 14·7 per cent in the rainfall during the south-west monsoon and 26·6 per cent during the north-east monsoon. The deficiency in the south-west monsoon ranged from 21 to 40 per cent in the Chingleput, South Arcot, North Arcot, Tiruchirappalli, Tanjore and Madurai districts. In Coimbatore and Ramanathapuram districts the deficiency ranged from 10 to 20 per cent. The rainfall was normal in Kanyakumari district

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and slightly above normal in Salem, Tirunelveli and Nilgiris districts. During the north-east monsoon the rainfall was deficient by 31 to 50 per cent in South Arcot, Tanjore and Ramanathapuram districts. In Salem, Coimbatore, Tiruchirappalli, Madurai and Nilgiris districts, the deficiency was 11 to 30 per cent. The rainfall was sufficient in other districts. Certain areas were also adversely affected by pests during the year. Agriculturally, therefore, the current year was not as prosperous as we had expected. Even so, the preliminary forecasts show that food production is slightly more than in the last year.

Price level.

3. The one feature which causes most concern in the present economic situation of the country is the upward trend in prices. This trend particularly in the prime necessities of life such as food and cloth, not only causes untold hardship to the common man, but also upsets the very basis of the economic calculations on which the present Plan is framed. Planned development and uncontrolled speculative fluctuations in prices are mutually inconsistent. The recent happenings in the country emphasize the fact that we must endeavour to peg prices down if we should hope to attain the targets laid down in the Plan.

4. In the Budget Speech of 1957–58, I had pointed out that the main problems that face the country's economy to-day are the rising trend in prices and the shortage of foreign exchange. Thanks to the generous aid from certain friendly countries, the crisis in foreign exchange has been arrested, but prices still tend to rise. The index of wholesale prices of foodgrains which stood at 512 in December 1957 had gone up to 569 in December 1958. There has indeed been a fall in the last few weeks but this may just be the normal seasonal fall at the time of

harvest. Broadly the upward trend has persisted over the past few years with consequent increase in the cost of living index.

5. The rising cost of living inevitably pushes up wages and the higher wages in their turn raise the prices of necessities of life such as foodgrains and cloth. This vicious spiral of wages and prices chasing each other is the bane of our present economy.

6. The National Development Council which examined this question recently, resolved that in order to stabilize prices the State should take over the wholesale trade in foodgrains. The Governor in his address to the Legislature had indicated the steps taken by this Government in pursuance of the resolution of the National Development Council. Let us hope that the detailed scheme to implement the resolution of the National Development Council will soon be formulated by the Government of India.

Agricultural Development

7. If we should resolve the many problems facing our economy, we have to plan for and achieve substantial results in both the agricultural and industrial spheres. The increase in food production which has already taken place in our State can be seen from the following figures:—

	Area in lakhs of acres.			
	1955–56.	1956–57.	1957–58.	1958–59
(1)	(2)	(3)	(4)	(5)
Paddy	54·6	57·2	56·0	57·2
Millets	55·2	54·5	55·8	56·0
Groundnut	17·93	18·20	.17·94	18·86
Cotton	11·11	10·65	11·65	11·79
Sugarcane	1·21	1·14	1·21	1·26

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	Production.			
	1955–56.	1956–57.	1957–58.	1958–59.
	(6)	(7)	(8)	(9)
Paddy	29·55	31·96	32·34	32·98
	(Lakhs tons of rice.)			
Millets	14·66	14·83	16·86	17·23
	(Lakhs tons.)			
Groundnut	8·27	8·69	8·60	9·07
	(In nut shelled—Lakhs tons.)			
Cotton	3·11	3·39	3·77	3·90
	(Lakhs bales.)			
Sugarcane	3·35	3·26	3·40	3·61
	(Lakhs tons of gur.)			

(Figures for 1958–59 are tentative.)

Our schemes for the further improvements of food production are continuing apace.

Seed Farms.

8. We had earlier planned to start 360 Seed Farms by 1959–60 for multiplying and distributing improved seeds. On this basis, we had decided to start 180 new Seed Farms in the current year. Certain administrative difficulties were, however, experienced in acquiring lands for these farms and in running them. Consequently, we have not been able to start as many new farms as we had planned. In many farms the yield fell below expectations and, therefore, we have started only eight new farms so far this year. We had to abandon a few farms due to unsuitable soil conditions and lack of irrigation facilities, and some more farms may have to be closed down before the end of this year leaving a balance of about 130 farms. The Government have since decided that before increasing the number of farms, we should consolidate the farms already started. It has also been decided that suitable surplus lands which would become available on enforcing the proposed ceiling on land holdings should be utilized as seed farms.

Fertilizers.

9. Arrangements have been made to distribute 1·37 lakhs tons of chemical fertilizers during the current year. Next year, 2·15 lakhs tons of chemical fertilizers will be distributed. It is, however, clear that we cannot depend entirely on chemical fertilizers but should switch increasingly on to natural manures in combination with chemical fertilizers. A number of schemes have been taken up to increase the production of natural manures. The urban compost scheme is being developed to cover all Municipalities and 280 major panchayats. Local bodies will be assisted to purchase lorries and tractors for this purpose. Arrangements are also being made to sell this compost to the ryots at a price not exceeding Rs. 2 per ton. Under this scheme 2·6 lakhs tons of manures were distributed in 1956–57, 2·59 lakhs tons in 1957–58, 3·6 lakhs tons in 1958–59 and it is now proposed to distribute 3·74 lakhs tons in 1959–60.

10. The rural compost scheme is making steady progress. 1·27 lakhs tons of compost were prepared under the scheme in 1957–58 and the production is expected to increase during the current and next year. Under the scheme for improvement of local manurial resources in the Block Development areas, plans are under way to produce 10·48 lakhs tons of compost. Steps are being taken to make compost in smaller villages also and about 2·4 lakhs tons of compost will be produced in 1959–60. The scheme for increasing the supply of green manures continues to be implemented and about 1,342 tons of green manure seeds will be distributed to benefit about 33·4 lakhs of acres.

11. Steps have been taken to increase not merely the production of foodgrains but also that of commercial crops such as cotton, oil-seeds, sugarcane and coconut.

12. Statistics reveal that we have obtained tangible results from these schemes as shown below:—

	Yield per acre in cleaned rice.
	LBS.
1955–56	1,214
1956–57	1,255
1957–58	1,300

Irrigation.

13. In order to improve irrigation facilities, we have so far planned and built a number of major irrigation projects. Manimuthar, Araniyar, Mettur Canals, Amaravathi, Sathanur, Vaigai and Krishnagiri Projects have been completed. 2·2 lakhs of acres have been given irrigation facilities by 1958–59. It is expected that another 25,000 acres will be brought under irrigation in 1959–60.

In the Budget Estimates for 1959–60, Rs. 77 lakhs have been set apart for the Kattalai Scheme, Rs. 58 lakhs for Pullambadi Scheme, Rs. 45 lakhs for the Parambikulam Scheme, Rs. 10 lakhs for the Neyyar Scheme in Kanyakumari district and Rs. 15 lakhs for the Vidur Scheme. These schemes also will be completed in time. On the whole, Rs. 2,10 lakhs have been set apart in 1959-60 for Major Irrigation Schemes.

14. The most significant item in the irrigation programme now is the Parambikulam project. The detailed estimates for this project have been prepared and sent to the Central Water and Power Commission. As Hon'ble Members are aware, under this project it is proposed to dam the Sholayar and the Parambikulam—two west-flowing rivers—which rise in the Western Ghats in the southern part of the Coimbatore district, and to divert the waters through tunnels to the east to enable irrigation over 2·5 lakhs acres of lands in

Pollachi, Udumalpet, Dharapuram and Palladam taluks in Coimbatore district. With a view to dividing this water equitably between the ryots of these taluks, a Committee consisting of the Chief Minister, Minister for Home and Minister for Works has been constituted and they may be expected to resolve all the connected questions satisfactorily.

15. This project will also produce 1·25 lakhs kilowatts of electric power. Hon'ble Members will note with satisfaction that it has been possible to take up the scheme in quick time largely because of the goodwill and accommodation shown by the Governments of Kerala and this State. Let us hope that with the willing co-operation of the Government of Kerala, it will be possible to take up similar schemes for Madurai and Tirunelveli districts also in the near future. Preliminary discussions have been set on foot towards this end.

Minor Irrigation.

16. Considerable importance has been given to Minor Irrigation in the next year's Budget. It is proposed to implement during 1959–60, 1,200 works at a cost of Rs. 84 lakhs. Out of these 1,200 works, 595 works are those started during this year and the balance of 605 are new works to be started in 1959–60. It is proposed to install 600 filter-point wells and to give a loan of Rs. 2,500 on each filter-point. Rs. 20 lakhs is being provided under the new well-subsidy scheme. We propose to spend a total sum of Rs. 1,18 lakhs on all minor irrigation schemes together.

17. The following figures will show at a glance the achievements so far made under "Minor Irrigation" during the last three years:—

	1956–57.	1957–58.	1958–59.	Total.
New Irrigation (in thousands of acres).	45·61	43·00	88·09	1,76·70
Expenditure (in Rupees Lakhs) ..	69·37	68·48	98·07	2,35·92

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The Government are aware of the large possibilities under Minor Irrigation and every possible effort will be made to implement the programme.

18. The programme for installation of electric pumps for irrigation has also shown remarkable progress. At the beginning of the First Plan 14,626 agricultural pumpsets were run with electric power. At the end of the First Plan the number had increased to 32,440. The figures were 45,173 in 1956–57, 62,726 in 1957–58 and 75,193 at the end of December 1958. We can indeed feel satisfied over this achievement.

19. Cattle development is indispensable for agricultural improvement and a good deal of attention is being given to this sphere also. Fifteen Key Village Centres were started in the First Five-Year Plan. By the end of the year 1958–59, 12 Centres would have been started in the current Plan. Four more Key Village Centres will be started in 1959–60. It is gratifying to see that the breed of cattle is improving as a result of these efforts. We have set apart Rs. 8 lakhs for these Key Village Centres in 1959–60.

Animal Husbandry.

20. Nine Artificial Insemination Centres are functioning now. Four more Centres will be started in the coming year. Twelve Supplementary Extension Centres will be started through each of which 50 high grade bulls will be distributed to ryots at a total cost of Rs. 12 lakhs.

21. Four lakhs of rupees have been set apart for the Cattle-Farm at Chettinad, and Rs. 1 lakh for the improvement of the Cattle-Farm at Orathanad, both of which have made very good progress. Rs. 4 lakhs has been set apart for the Poultry Development Scheme, and Rs. 21 lakhs have been provided for the improvement to the Madras Veterinary College.

22. Under the Madhavaram Cattle Colonization Scheme, facilities have been provided for maintaining 2,000 heads of cattle. A sum of Rs. 40 lakhs is being provided in 1959–60 for this scheme. It is hoped that substantial assistance will be forthcoming from the New Zealand Government during the current year. We have set apart Rs. 18 lakhs for certain other dairy schemes.

Forests.

23. The Schemes for the development of forests are going ahead according to Plan. Cashew and casuarina are being grown in the coastal areas. The schemes for growing blue-gum, wattle and match-wood in the Nilgiris and for growing teakwood on canal and river banks, are also making steady progress. A sum of Rs. 31 lakhs has been provided for these schemes in 1959–60. Steps have been taken to improve the Wild Life Sanctuary at Mudumalai and the Bird Sanctuary at Vedanthangal. A sum of Rs. 21 lakhs has also been set apart for soil conservation schemes.

Fisheries.

24. Under Fisheries, schemes costing Rs. 27 lakhs have been proposed to be taken up during 1959–60. The most important of the schemes is to build 30 Pablo boats and to sell them at reduced rates to the fishermen. The other schemes of the current year and some more new schemes will be implemented during 1959–60.

Community Development and National Extension Service.

25. The Community Development and National Extension Services have so far been extended to 176 Blocks. 9,300 villages and 155 lakhs of people have benefited from this programme. It is proposed to extend this scheme to 34 more blocks by the end of 1959–60. A total sum of Rs. 368 lakhs has been provided for this scheme in the Budget Estimates for 1959–60.

The people of this State have taken enthusiastically to the local development programme and have

completed many useful works. A provision of Rs. 35 lakhs has been made for this purpose in the budget.

Co-operation.

26. Hon'ble Members are aware of the recent resolution of the National Development Council on the co-operative movement and the need to use that agency increasingly in implementing the development programme of the country. In particular, it was decided to implement the programme of land reforms on a co-operative basis. We have to take steps to strengthen the co-operative organizations so that they may function as an effective instrument in achieving our objectives. So far, the co-operative institutions in our country have been concentrating on the credit side. Even in our State, which is in the forefront of the co-operative movement, much of the development has been in the banking sector. It is now necessary to give a new shift to this movement so that co-operative agencies may be transformed into multi-purpose societies in order to cater to the various agricultural needs of ryots. Co-operative societies should be in a position to arrange for better seeds, fertilizers, agricultural implements, irrigational facilities, etc. Detailed proposals towards this end are now under active consideration.

Side by side it is proposed to increase the credit facilities made available to ryots through the co-operative societies. As against a total credit of Rs. 13·5 crores in 1958–59, Rs. 16 crores will be provided in the next year. Co-operative credit will be available in 85 per cent of the total number of villages and for 45 per cent of the population. Towards this end provision has been made to start 100 new agricultural banks, 200 small-sized societies and four land mortgage banks.

27. The number of marketing societies will also be increased. The State Warehousing Corporation has started functioning. Sixty godowns will be completed before the end of this year. We also propose to start in the year six new Primary Marketing

Societies and one Apex Marketing Society. The programme for 1959–60 contemplates the opening of six Primary Marketing Societies and the construction of 65 new godowns. Fifteen new co-operative farming societies are being started in the current year and five more societies will be started in 1959–60.

Three hundred and twenty persons will be trained in two new Co-operative Training Institutes to be started during 1959–60.

Major Industries.

28. Our sustained efforts to set up major industries have been meeting with appreciable success. The Neyveli Lignite Project on which depends the industrial future of this State, is making rapid progress. The total capital invested on this Project by the end of 1957–58 was Rs. 10·67 crores and a further sum of Rs. 6·5 crores will be invested in the current year. A total labour force of nearly 8,000 is being employed on this Project at present.

The Integral Coach Factory at Perambur is also making good progress. A sum of Rs. 5·12 crores was invested on this scheme in the First Five-Year Plan and another sum of Rs. 2 crores up to end of 1958. 6,216 persons are being employed in this factory and its present production capacity is 400 coach-shells a year.

A number of factories in the private sector have also commenced production. The Dunlop Tyre Factory at Ambattur and the Electrical Switchgear Factory have started production recently. The expansion programme of the T.I. Cycles, Limited, has been completed and plans are being finalized to start the manufacture of certain allied goods. The sugar factory at Pettaivaithalai has started production. The Soda Ash Factory at Tirunelveli is expected to commence production in a few months.

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Negotiations on the rayon silk factory in Coimbatore district are over and the construction of the factory may commence soon. The preliminary investigations for the Aluminium Factory at Mettur are nearing completion. Negotiations are going on with the East German Democratic Republic for a raw film factory in the Nilgiris district.

Small-Scale Industries.

29. The State has made very good progress in establishing Small-Scale Industries. Hon'ble Members will remember that Shri Lal Bahadur Sastri was good enough to participate in the recent functions connected with the completion of the first stage of the Guindy Industrial Estate. The total amount invested by the Government so far on this Estate is Rs. 70 lakhs. Over and above this, private entrepreneurs have invested substantial amounts on the various industries located in this Estate. The total employment potential of this Estate is roughly 1,500 and the annual production in goods may be estimated at Rs. 1,48 lakhs. Many of the goods now produced in the Estate were being imported from abroad and, therefore, the establishment of the Estate has resulted in considerable saving of foreign exchange. We can justifiably claim that the Industrial Estate at Guindy has proved to be a model to others.

The electrical goods manufacturing unit and the Common Lease Shop in the Guindy Industrial Estate will be opened soon. The machine tool repair shops at Pollachi and Pettai, the cycle assembly units at Vellore and Tanjore and the quartz unit at Salem are expected to commence production in the beginning of 1959–60. The Industrial colonies at Virudhunagar, Madurai, Erode and Tiruchirappalli are nearing completion. A new Industrial Colony at Tanjore, a Common Finishing Shop at Wall-Tax Road and a salt-glazed pipe unit in South Arcot district will be started in 1959–60. We may also note

with satisfaction that these efforts in the public sector have enabled and encouraged many entrepreneurs to start a number of small enterprises in the private sector.

Industrial Development.

30. The general progress we are making in the industrial sector from year to year can be better appreciated from the statistics which I wish to place before the House.

The more significant index of industrial development is the utilization of electric power. The following figures will show the growth in recent years:—

Year.	Industrial consumption of electric power in million units.
1953–54	228
1954–55	311
1955–56	325
1956–57	343
1957–58	421

These figures show that the consumption of electric power in industries had nearly doubled in the last five years.

Certain figures regarding some important industries are given below:—

	1954.	1957.
Total number of factories—		
Textiles	233	358
Engineering	141	157
Ginning	246	256
Rice Mills	555	661
Cement	3	3
Total ..	1,178	1,435

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	1954.	1957.
Total number of workers employed in the above factories—		
Textiles	98,271	114,458
Engineering	7,222	12,526
Ginning	11,059	12,475
Rice Mills	8,234	11,811
Cement	2,495	2,548
Total ..	127,281	153,818

Wages paid to the workers in these industries—		
	(RS. LAKHS)	
Textiles	10,24	13,16
Engineering	74	1,09
Ginning	44	21
Rice Mills	24	31
Cement	28	32
Total ..	11,94	15,09

I shall now give some significant statistics on 29 of the major industries for which the Director of Statistics is getting detailed particulars. These industries are located in about 800 factories out of a total number of 5,000 factories and employ about 48 per cent of the total industrial labour force. The productive capital invested in these industries is as follows:—

	(RS. CRORES)
1955	59·97
1956	72·28
1957	86·97

These figures are indeed satisfactory. But there can still be no difference of opinion amongst us that the pace of industrialization is not rapid enough and that our objective should be to accelerate the pace further. With this objective we have requested the National Council of Applied Economic Research, Delhi, to examine this question and bring out a report on the industrial and economic potential of the State. We expect to get this report by the end

of April. A survey of the mineral resources of the State is also going on. With the information made available from these reports, we may hope to formulate a substantial programme of industrial development.

Power.

31. In the development of power which is so essential for industrial development, we have registered substantial progress. Rs. 14 crores will be spent on Power Development during this year. The Madras Plant Extensions Scheme was completed last April to generate an additional 30,000 kilowatts of power. In the Periyar Project, one generator was installed in October and another in February and the two together will generate an additional 70,000 kilowatts. It is hoped that the third generator will also begin work shortly. The Kundah Project is also progressing fast. The preliminary work in respect of Sandynullah Scheme, which has been newly taken up, is going on satisfactorily.

The total amount set apart for the Power Development for 1959-60 is Rs. 11,08 lakhs. The Kundah Project will go into commission in the coming year when enough power will be available for all the anticipated industrial needs. It has also been planned to extend power to 1,000 villages in 1959-60. With this, the number of villages electrified in this State will rise to nearly 9,000.

Technical Education.

32. The expansion of technical education is most essential for industrial development. In this context, the forthcoming inauguration of the Higher Technological Institute at Guindy next year is a most welcome development. The admissions to the polytechnics have been increased now to 2,160 per year. The number of admissions to the Engineering Colleges has also increased to 1,157. Fifty-seven persons are being admitted each year to post-graduate technical courses. Rs. 74 lakhs will be

spent on technical education in the current year and Rs. 93 lakhs in the next year.

Khadi.

33. Even though a number of major industries have been established, they have comparatively small employment potential. The unemployment problem can be resolved only by starting village industries in larger numbers. It is for this reason that the Government have given increased importance to the production of Khadi. At the beginning of the Second Plan, 66,133 persons were employed under the various schemes for the development of Khadi. To-day this number has increased to 164,427. If we add the schemes worked by the Charka Seva Sangh, the total number employed under the various Khadi programmes will exceed 3 lakhs.

At the beginning of the Second Plan, under the Khadi Schemes of Government, Khadi worth Rs. 35·52 lakhs was being produced annually. This year this annual production has increased to Rs. 68·44 lakhs. It is hoped that by the intensification of the Khadi movement, 26,000 more spinners will be enrolled next year.

The Ambar Charka Scheme is also being expanded. So far 30 Parisramalayas have been opened. By the end of this year, another 19 Parisramalayas will be opened. Twenty more Parisramalayas will be opened in 1959–60. Twelve thousand spinners will be trained and enrolled. A factory for making 84,000 Ambar Charkas annually has been established at Pollachi. A total sum of Rs. 1,40 lakhs has been set apart for Khadi Schemes for 1959–60. The Khadi Commission will subsidize these schemes as usual.

Handlooms.

34. Hon'ble Members may remember the recent crisis in the textile industry which affected the handloom more adversely than the mills. As a result of the steps taken by Government, the crisis

has been arrested and the situation has become easier. Lakhs of people in the State depend on the handloom for their living. Any little adverse trend in the handloom industry causes a severe impact on the life of the weaver. Concessions are mere palliatives and do not give sufficient protection in periods of crisis. It is necessary to take long-term measures to stabilize the industry and till such time all the existing concessions will have to be continued.

We are providing Rs. 1,26 lakhs for the handloom industry in 1959–60 of which Rs. 81 lakhs will be towards rebate on sale of goods. Twelve thousand and five hundred handloom weavers will be enrolled in the co-operative fold next year. It is also proposed to construct 230 houses for weavers. Mention may also be made of Rs. 2 lakhs set apart for the improvement of silk weaving.

In order to supply weavers with yarn at reasonable prices, a co-operative spinning mill was started at Tirunelveli and has just gone into production. Two more mills are proposed to be started and preliminary works are going on.

Housing.

35. Under the various housing schemes sanction has been accorded for the construction of 7,750 houses at a total cost of Rs. 2,30 lakhs and works are in progress. The budget provision for the current year was Rs. 1,50 lakhs. This includes the construction of 1,000 houses under the Low Income Group Housing Scheme. The sum of Rs. 38 lakhs set apart in the budget estimates for Low Income Group Housing Schemes is now proposed to be stepped up to Rs. 65 lakhs. A sum of Rs. 1,89 lakhs has been set apart for all housing schemes in 1959–60.

The provision for Slum Clearance schemes is Rs. 60 lakhs. This scheme which is now being implemented only in Madras City, will be extended to Madurai, Coimbatore, Tiruchirappalli and Salem Municipalities in the coming year.

We have also made adequate provisions for housing schemes outside the Plan. As against Rs. 17 lakhs set apart in the current year for loans to Middle Income Group Co-operative Housing Societies, we propose to give Rs. 30 lakhs next year. For the Police Housing Scheme, a sum of Rs. 50 lakhs has been provided. It has been programmed to construct 300 houses at a cost of Rs. 20 lakhs for workers in the Government Press. A housing scheme for the workers of the Public Works Engineering Workshop has also been taken up. The housing scheme of Harijans will be continued at a cost of Rs. 28 lakhs.

Roads.

36. A significant development on the maintenance of roads is that in 1959–60 the Government will complete the programme of taking over of *all* major district roads from the District Boards. As against a sum of Rs. 2,25 lakhs set apart for the maintenance of roads in 1958–59, we have provided Rs. 2,54 lakhs for 1959–60. Government are well aware of the importance of rural communications towards which a sum of Rs. 53 lakhs has been set apart as grants to District Boards for the formation of new roads. New works on State Highways will amount to Rs. 81 lakhs. Sixteen minor bridges and six major bridges will be constructed during the next year.

Education.

37. The Governor in his address to the Legislature has drawn attention to the significant progress in elementary education. The midday meal scheme for poor children has been popular and is receiving the enthusiastic co-operation of the people. It is expected that four lakhs children will be brought under the scheme by the end of this year. Rs. 60 lakhs has been set apart in the Budget Estimates for 1959–60 to benefit six lakhs of children. The School Improvement Scheme which aims at providing the essential amenities in schools is being implemented in several areas. The basis of this

scheme is the goodwill of the people of the locality, and the response so far has been commendable. This is indeed a very encouraging development because our scheme for enrolment of all children in elementary schools can succeed only if the facilities in schools are also correspondingly increased. 1,735 new classes are proposed to be started in 1959–60.

Under the unemployment relief scheme, 6,000 new teachers were appointed in the First Five-Year Plan. 900 teachers will be appointed in the current year and 1,200 teachers will be appointed in the coming year. As a result of this, it is expected that every village having a population of more than 300 will have elementary schools. In the recently enacted Panchayat Legislation it has been decided to entrust the management of elementary schools to the Panchayat Unions. When this scheme comes into force it will be the responsibility of the Panchayat Union of each locality to establish sufficient number of elementary schools in each Block and run them well. Observing the enthusiasm and the interest which the people display to-day in educational matters, I firmly hope this new system will succeed.

I wish to emphasize at this stage that we have accepted basic education as the future pattern in elementary education. It is the Government's firm conviction and desire that all elementary schools should be converted to the basic system. It is on this basis that we have decided to convert all training institutions into basic training schools. In 1959–60, 16 training institutions will be converted into basic, and the balance of 11 will also be converted in 1960–61 to complete the programme as far as training schools are concerned. In regard to the conversion of elementary schools into the basic pattern, we have not made as much progress as we expected. The Committee which was appointed to

look into this question has submitted its report. Necessary steps will be taken to implement a further programme of conversion on the basis of this report. So far, 2,722 elementary schools have been converted into basic schools and 400 more schools will be so converted in the coming year.

Fifty High Schools will be converted into multi-purpose schools in the coming year at a cost of Rs. 9·43 lakhs. The scheme to improve the quality of teaching in higher secondary schools will be continued. The total amount provided for education in the current year is Rs. 12,33 lakhs. This will be raised to Rs. 13,29 lakhs in 1959–60.

The sums set apart for Education have been increasing from year to year. It is our earnest desire that these large sums are properly spent. A number of Committees have been constituted to go into the various questions that arise in the educational sphere and their reports are awaited. We propose to frame an integrated educational scheme on the basis of these reports.

Welfare of Backward Classes.

38. There is no need to emphasise the necessity for continuing our efforts to raise the standard of living of the Harijans and Backward Classes, particularly in view of the accepted goal of socialism. Rupees 34 lakhs will be spent on scholarships, Rs. 12 lakhs on Boarding Grants and Rs. 19 lakhs on midday meals and Harijan Hostels. All schemes which have been taken up for this purpose will be continued in the coming year at a cost of Rs. 234 lakhs.

Medical and Public Health.

39. We have not been able to achieve the desired progress in the medical sphere mainly because of the lack of sufficient number of doctors. To remove this inadequacy we decided to start a new Medical College at Tanjore in the current year. The construction of necessary buildings for this College

will begin in 1959–60. Taking all the medical colleges in this State including the Tanjore College, the number of medical students admitted each year will now be 420.

The programme of establishing Primary Health Centres in villages continues to be implemented. We had planned to establish 113 Centres before the end of the current year of which 67 Centres were opened up to December 1958. Rs. 17 lakhs have been set apart to start 20 more Centres in 1959–60. We are aware that the Primary Health Centres are not functioning properly for want of doctors in many Centres. Trained doctors are not willing to go to the villages. It was, therefore, decided to give each doctor in the Primary Health Centre a special pay of Rs. 100 per mensem. Steps are also being taken to provide residential quarters for them in Primary Health Centres.

Rs. 25 lakhs has been set apart for improving District Headquarters Hospitals. It has also been proposed to provincialize four more taluk headquarters hospitals.

The improvements to the Madurai Medical College and the Erskine Hospital are going on rapidly with a provision of Rs. 41 lakhs for the next year. A sum of Rs. 17 lakhs has been provided for completing the buildings which have already been taken up in the Madras Medical College. The Madras Medical College Hostel to accommodate 600 students is nearing completion.

A number of water-supply and drainage schemes are being implemented. In the Budget Estimate a total sum of Rs. 1,56 lakhs has been set apart for loans and grants on these schemes. A sum of Rs. 50 lakhs will be given as loans and grants on the water-supply and drainage schemes in the Madras City.

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40. The increase in population is a problem that faces not only our country but the whole world. The recent International Conference that met at Delhi spotlighted this problem. We have framed suitable schemes of family planning for the Madras City and necessary steps are being taken to implement it. The Government feel that this should be extended to other areas on the experience gained in the City. The results so far achieved in Madras City and in particular the co-operation forthcoming from the general public, give us confidence for the future. A small booklet has also been published giving full details about the scheme. The scheme can succeed only if it is understood widely by the people. I specially request Hon'ble Members to extend their full co-operation in this regard.

Family Planning.

41. When I presented the Revised Estimate for 1957–58 last year before this House, I estimated the total receipt under the Revenue Account at Rs. 60,41 lakhs and expenditure at Rs. 60,36 lakhs. The accounts of that year, which have since come, place our income at Rs. 62,56 lakhs and expenditure at Rs. 59,15 lakhs. Thus as against a surplus of Rs. 5 lakhs which we had anticipated the actual surplus was Rs. 3,41 lakhs. Out of this surplus, Rs. 76 lakhs represent the outlay transferred from the Revenue Account to the Loan Account. The expenditure which we had already incurred on the Neyveli Project before we handed over control to the Government of India, has since been treated as a loan given to the present Neyveli Lignite Corporation. Thus the real surplus during the year 1957–58 was Rs. 2,65 lakhs. Even so, there is an increase over the revised figures. The main reasons for this increase are excesses over the revised estimates of Rs. 1,10 lakhs under Sales Tax, Rs. 64 lakhs under Land Revenue, Rs. 30 lakhs under Agricultural Income-Tax, and Rs. 19 lakhs under Central Sales Tax. Further details are given in the Budget Memorandum.

Accounts, 1957–58.

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Revised Estimates, 1958–59.

42. Similarly, the Revised Estimates for 1958–59 show that receipts under Revenue Account will be more than what we originally anticipated. The budget estimates placed our income at Rs. 63,90 lakhs and our expenditure at Rs. 63,75 lakhs. On the basis of data now available, the income has been estimated at Rs. 69,49 lakhs and expenditure at Rs. 66,84 lakhs. As against the surplus of Rs. 15 lakhs anticipated, we now expect a surplus of Rs. 2,65 lakhs. There will be an increase of Rs. 2,95 lakhs under Sales Tax and Rs. 28 lakhs under the Motor Vehicles Tax, but under the Agricultural Income Tax as extended to non-plantation areas, our receipts will be less. The Government of India have intimated that our share in the Central Taxes would be more than what we had expected.

When we presented the Budget for 1958–59, the Government of India had not accepted the recommendations of the Finance Commission regarding the rate of interest on Central Loans. They have since accepted a modified proposal which will give us relief of about Rs. 50 lakhs per annum and this has been taken into account in the Revised Estimate for 1958–59 and the Budget Estimate for 1959–60.

The budgets of the other States show that their financial position has also improved appreciably but those States have obtained substantial grants-in-aid as a result of the Award of the Finance Commission. Inasmuch as we were not so favoured the present improvement in our financial position can generally be attributed to the improvement in the economy of the State.

Capital Expenditure.

43. In the Budget Estimate, 1958–59, we had estimated a Capital Expenditure of Rs. 9,73 lakhs. Now the estimate has gone up to Rs. 12,07 lakhs. The increase has occurred mainly under "Irrigation" (Rs. 1,04 lakhs) and under "Investment for Industrial Development" (Rs. 48 lakhs). The

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expenditure on the development of power is now being incurred by the Electricity Board. It is proposed to give a loan of Rs. 10,10 lakhs to the Electricity Board from the State Funds. The expenditure in the current year on Power Development is expected to go up to Rs. 14,03 lakhs. The balance of the requirements will be met by the Board from its own resources. The Electricity Board raised a loan of Rs. 2,20 lakhs from the public in the current year.

No difficulty is anticipated in our resources position in the current year. 1959–60 will open with a cash balance of Rs. 90 lakhs in addition to Treasury Bills worth Rs. 2,00 lakhs. The details of capital and other expenditure have been explained in the Budget Memorandum.

Budget Estimates, 1959–60.

44. The Budget for 1959–60 estimates the income under Revenue Account at Rs. 73,08 lakhs and expenditure at Rs. 71,69 lakhs. This results in an increase over the Revised Estimates of Rs. 3,60 lakhs under Receipts and of Rs. 4,85 lakhs under Expenditure. The increases have occurred under various items the details of which are explained in the Budget Memorandum. It was expected that there will be a surplus of Rs. 1,39 lakhs but this will, more or less, be wiped out by the interim relief which we have given recently to the public servants.

Concession.

45. It was announced in the recent Governor's address that the non-gazetted Government servants and school teachers will be given an interim relief of Rs. 5 per month. This will cost the State Rs. 1,81 lakhs a year. Since this concession has been given for a portion of the current year, the total expenditure for the current year will increase by nearly Rs. 45 lakhs. The cost of this concession has not been taken into account in the estimates mentioned earlier and therefore the estimates have to be modified to that extent. A small part of this

expenditure will be reimbursed as a grant from the Government of India. The exact extent of Central assistance will be clear only later.

A Pay Commission has been constituted to go into the pay structure of Government servants and to make suitable recommendations. I hope that the results of these recommendations will go a long way to satisfy our employees.

I wish to announce here that the Government have decided to extend to the children of village officers with effect from 1959–60 the same educational concessions that are now being given to the children of the non-gazetted Government servants studying in the IV, V and VI forms.

Loans and Advance.

46. A total sum of Rs. 18,05 lakhs has been set apart for Loans and Advances in 1959–60. Out of this, Rs. 8,50 lakhs will be given as loan to the Electricity Board which has a capital programme of Rs. 11,08 lakhs in 1959–60. Provision has been made for advancing Rs. 63 lakhs to the Corporation of Madras, Rs. 68 lakhs to the City Improvement Trust, Rs. 1,32 lakhs for water-supply and drainage schemes of the various local bodies, Rs. 1,93 lakhs to cultivators, Rs. 20 lakhs to handloom weavers, Rs. 30 lakhs to co-operative housing societies, and Rs. 1,31 lakhs under the Community Development schemes.

It is proposed to float an open market loan of Rs. 6 crores during 1959–60. We expect that on the basis of the above estimates, we will have at the end of 1959–60 a cash balance of Rs. 86 lakhs over and above a holding of Rs. 2,00 lakhs in Treasury Bills. Full details of these are given in the Budget Memorandum.

Five-Year Plan.

47. We are now executing various developmental works in the country on the basis of a Plan. Our actual performance on the Plan will, therefore, be a measure of the progress that we have achieved

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in various spheres. The Plan Supplement for the years 1958–59 and 1959–60 which has been separately prepared and distributed to the Hon'ble Members will furnish the details. Originally, we had programmed to take up Plan schemes costing Rs. 30,47 lakhs in the current year. But the revised estimates now show that the Plan expenditure will be of the order of Rs. 34,81 lakhs. On power, we will be spending Rs. 14,03 lakhs as against Rs. 11,94 lakhs in the original estimates. Similarly, amounts larger than the original estimates have been set apart for Irrigation and Community Development schemes.

48. For 1959–60, it was agreed at the discussions with the Planning Commission that we might take up works costing Rs. 33,62 lakhs. Towards this outlay the Government of India have agreed to give assistance under Loans and Grants to the extent of Rs. 18 crores. But in the Budget Estimates, the expenditure on the State Plan for 1959–60 has been put at Rs. 34,64 lakhs. Larger provisions have been made mainly for Irrigation and Handloom schemes. Adequate amounts have been set apart for the other heads of development as well. I wish to emphasize here that if need arises, there may not be any difficulty to provide larger sums to any worthwhile scheme under any head of development. In particular, we will review the progress of work on the Electricity Schemes during the middle of next year and provide additional resources to the extent necessary.

49. The expenditure on Plan schemes was Rs. 28,46 lakhs in 1956–57, Rs. 30,21 lakhs in 1957–58 and is estimated to be Rs. 34,81 lakhs in 1958–59. Next year, the Plan expenditure may be Rs. 34,64 lakhs. Thus, during the four years ending 1959–60, we would have spent Rs. 128 crores against a total Plan of Rs. 152 crores leaving only a balance of Rs. 24 crores for the last year. This means that the

size of our Plan should be substantially enhanced. Economic progress can be maintained only if the Plan expenditure increases from year to year. Therefore, we have to take up this question with the Planning Commission and seek an upward revision.

Third Five-Year Plan.

50. The indications that I have given above lead to the confident expectation that the Second Plan as originally framed will be fulfilled. Various schemes taken up in Central Sector of the Plan, such as Neyveli, Madras Harbour Expansion, Extension of the Integral Coach Factory at Perambur, Electrification of the Tambaram-Villupuram railway, are also being implemented as programmed. Satisfactory as these may appear, it is obvious that the development of the country cannot be completed in one or two Five-Year Plans. Our main objective of raising the standard of living of the people can be achieved only by implementing a number of successive Five-Year Plans. Therefore, at this juncture when we have reached almost the final stage of the Second Plan, it is necessary to consider how best to formulate the Third Five-Year Plan.

The Planning Commission is now engaged on the preliminary survey necessary for framing the Third Plan. We have also reached the crucial stage when major decisions have to be taken about the shape and size of the State's Third Plan. A good deal of discussion is now going on in the country on the size of the new Plan. In determining its size certain important considerations should be kept in the forefront. The greatest obstacle to ambitious planning is our economic weakness. We are not only dependent on foreign assistance on many schemes but we are also unable to raise the necessary internal resources. Our difficulties are accentuated by the rapid growth of population. Resources for development must come out of the savings of the people, but when the people are poor there is no

appreciable margin in their incomes to save. And yet we must make a beginning for otherwise the lack of resources will persist. To resolve this stalemate we should induce the people to save somehow and contribute something towards building up the economy of the country. This would necessarily involve a large measure of sacrifice by the present generation. Once we are able to break this vicious circle, further development may not be as difficult as in the initial phase, because the economy would have gained sufficient internal strength. All under-developed nations must necessarily pass through this difficult phase before they can reach the stage of accelerated development. If we are not prepared to meet this challenge, we must reconcile ourselves to the present miserable plight continuing indefinitely.

51. The strength and resources of the entire people will have to be mobilized towards this great task. It is not possible to do this on a party basis. Success can be achieved only if all political parties join together in this common endeavour on a national basis. On many an occasion in the past, we, in this State, have demonstrated how, irrespective of party loyalties, a common approach is possible on matters of national importance. I may therefore hope that in this great endeavour of national reconstruction, I shall be able to secure the wholehearted co-operation of all political parties, so that we may jointly formulate a useful Plan for the benefit of the people.

Conclusion.

52. Before I conclude, I wish to tender my heartfelt thanks to the officers and staff of the Finance Department who have been of great help to

me in my work. In particular, I wish to mention that the Finance Secretary, Sri T. A. Varghese, has been of immense assistance to me with his wide experience and knowledge. I would also like to acknowledge the valuable services rendered by Sri S. Venkitaramanan, Deputy Secretary of the Finance Department.

With these words, Sir, I commend the Budget Estimate for 1959-60 for the consideration of the House.